

Deputy Chief, Economic Research Area

24 June 1955

Acting Chief, Services Division

Budgetary Requirements for External Research Project on the Composition of the Soviet Industrial Labor Force

1. Content

Breakdown of the industrial labor force by: (a) industry; (b) industry by area; (c) skill; and (d) skill by area.

2. Use

a. The prime use of Soviet industrial labor force statistics will be in calculations of Soviet gross national product. National income accounting is based upon the aggregation of value added by individual industries. Value added is the equivalent of labor costs plus profits. Accurate employment statistics are required in computing labor costs. More accurate value added figures are important both in calculating GNP and in estimating the contribution of various industries to the Soviet economy.

b. Accurate and detailed industry-by-industry labor force estimates are also essential in more refined analysis of the structure and inter-relationship of industries in the Soviet economy.

c. A study of the Soviet industrial labor force by employment and skill will also be useful for comparison with the US industrial labor force. In particular, a comparison of the direction and relative speed of changes in the structure of skills and employment in the two economies will be pertinent to a projection of Soviet military and economic power in relation to US power. In addition, the breakdown of the Soviet labor force can be correlated with the Soviet technical education program in order to (1) understand the present structure of skills and (2) estimate future trends.

d. Soviet industrial labor force statistics will also serve as the basis for further studies of (1) aggregate labor productivity in various Soviet industries and comparison of US and Soviet industrial productivity and (2) the Soviet wage and incentive system and its influence on the composition of the labor force.

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3. Time

This type of research can best be done on a continuous basis and requires much more time than the Economic Research Area can allocate without adversely affecting other high priority research activities. It is, therefore, recommended that a contract covering a three to four year period be entered into with a competent private research organization.

4. Cost

25X1A1a

5. Monitoring

It is contemplated that all, or a very substantial portion, of the time of a competent ORR economist will be required to monitor the project in order to insure that it will produce information in a form compatible with ORR needs.

6. Coordination

This memorandum has been coordinated with 25X1A9a
Chief of the Analysis Division. [REDACTED] Acting

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RLM:jmc

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